

Modern Slavery Statement

FOREST ONE GROUP PTY LTD (FY24)

Introduction

Established over 140 years ago, Global Wood Pty Ltd and its subsidiaries (“**Forest One**”, “**we**”, “**our**”, “**us**”) are a Melbourne-based company in the construction industry which specialises in the manufacture of wood panels and timber products and the distribution of panel, timber and decorative surface materials across Australia.

We are committed to upholding human rights as outlined in the Universal Declaration of Human Rights and the principles set out in the ILO’s Declaration on Fundamental Principles and Rights at Work.

This is our second modern slavery statement and is for the reporting period of 1 July 2023 to 30 June 2024 and addresses the mandatory requirements outlined in section 16 of the *Modern Slavery Act 2018* (Cth) (“**Act**”). This modern slavery statement outlines how we have broadened our understanding of our modern slavery risks in our operations and supply chains and actions we took to address those risks, including our due diligence framework.

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Criteria 1: The Reporting Entity

The reporting entity is Global Wood Pty Ltd ACN 632 960 206 and its wholly owned entities ('Forest One') for the financial year ending 30 June 2024.

Criteria 2: Structure, Operations and Supply Chains

Structure

Forest One is a private company and is the parent company of a group of the following wholly owned entities:

- Forest One Group Pty Ltd (ACN 004 560 605);
- Forest One Australia Pty Ltd (ACN 004 051 003);
- D. & R. Henderson Pty Ltd (ACN 000 449 392);
- Monsbent Pty Ltd (ACN 002 820 117); and
- Crown Timber Australia Pty Ltd (ACN 609 154 592).

collectively, the "Forest One Group".

The Forest One Group is managed from our head office at 601 Victoria Street, Abbotsford VIC 3067.

Forest One is located in all major capital cities in Australia, including Melbourne, Sydney, Brisbane, Perth and Adelaide, as well as regional cities such as Cairns and Townsville. Our Benalla site, approximately 200km from the Melbourne CBD, is our manufacturing site.

We employ over 350 employees and engage with sub-contractors who are engaged in our manufacturing, warehousing and transport operations.

Operations

Forest One operates in panel manufacturing and distribution industry. Forest One's operations have two (2) streams:

1. Manufacturing:

We manufacture a large range of solid timber and particleboard products. This includes:

- (a) framing timber and particleboard sheet flooring, which is suitable for the general construction industry; and
- (b) decorative melamine, which is suitable for use in kitchens, shop fit-outs, and for domestic and commercial furniture.

2. Distribution:

Forest One is Australia's largest independent distributor of plywood, timber, laminate and decorative surface materials for interior and exterior design.

Supply Chains

To sustain our business operations, we rely on a network of trusted domestic and international suppliers. In total, we engage with over 3,000 Tier 1 suppliers.¹

Our core supply chains are summarised as follows.

Product / Services	Core suppliers
Manufacturing operations	Machinery equipment Raw materials Products
Wholesale & distribution of wood panel, timber, and decorative surface materials	Maritime transportation Customs services Trucks Distribution contractors
Ongoing site-specific operations	Energy and other utilities providers Solar panels Office equipment Cleaning services
Group-level operations	IT software and hardware Consulting and auditing Recruitment services

¹ "Tier 1 suppliers" are the suppliers that Forest One directly engage with (i.e., suppliers that Forest One has direct, contractual relationships with).

Criteria 3 - Risks of Modern Slavery Practices in Operations and Supply Chains

To assess the modern slavery risks in our operations and supply chains, we utilise the “cause, contribute to, and directly linked to” framework from the United Nations Guiding Principles on Business and Human Rights (“**UNGP’s**”).

Relationship to risk	Explanation
Cause	Modern slavery that is caused by the entity itself.
Contribute to	Activities and / or omissions by an entity that facilitates or enables modern slavery to occur.
Directly linked to	Being linked to harm through products, services and / or broader business relationships.

Operational Risks:

Globally, the forestry industry is known to carry heightened modern slavery risks, particularly when sourcing or operating in countries such as Brazil, Indonesia and the Republic of Congo.

In Australia, the forestry industry is highly regulated. For example, Forest One is subject to the *Illegal Logging Prohibition Act 2012* (Cth) (“**ILPA**”) which was enacted to eliminate the importation of timber from illegal logging in Australia. The ILPA set out steps that organisations must take to manage the risk of illegally logged timber, including the establishment of a due diligence system with documentation around how the entities ensures that it is not dealing in illegal timber. Forest One complies with these requirements, as further outlined in Criteria 4 below.

Furthermore, across our operations, we ensure that we:

- rely on a local workforce, some of whom have union representation;
- pay our employees in accordance with local legal requirements; and
- operate and maintain our facilities and sites in accordance with work, health and safety laws.

We provide an operational grievance handling mechanism and a confidential whistleblower reporting process. This multi-faceted approach to grievance mechanisms keeps us in touch with the evolving concerns and needs of our workforce while catering for matters that may need to be discussed confidentially, enabling us to appropriately deal with any whistleblower reports in accordance with our obligations under the *Corporations Act 2001* (Cth).

Because of our robust internal governance mechanisms, and the stringent compliance regimes that we are compliant with, Forest One considers that the risks of modern slavery in our operations are low.

Supply Chain Risks

Forest One is committed to business integrity and actively seeks to forge long-term relationships with its selected key suppliers. We are committed to working collaboratively with our suppliers to identify and address any potential modern slavery risks. While our ability to influence suppliers may vary, we prioritise open communication and exploring all avenues to create positive impact within our supply chains.

We recognise that adverse impacts may be present in our supply chains, particularly deeper in our supply chains where we have less oversight and visibility. We assess that the modern slavery risks most relevant to our supply chains are:

- forced labour, included bonded labour and trafficking for forced labour;
- exploitation of migrant workers;
- deceptive recruitment;
- dangerous or sub-standard working conditions;
- underpayment of wages; and
- excessive working hours.

We have undertaken a preliminary assessment of our suppliers and outline our highest risk supply chains below:

Supply chain	Risk to Forest One in accordance with the UNGP's
Vehicles and trucks	<p>Vehicles and trucks, including the mined raw materials cobalt, carry heightened modern slavery risks.</p> <p>Factors, such as weak labour laws, lack of enforcement of human rights, poverty and conflict, lead to heightened degree of modern slavery risks in the vehicle and truck industry.</p>
Solar Panels	<p>Solar panels, and their raw material polysilicon, carry heightened modern slavery risks, particularly raw materials, when sourced from the Xinjiang Uyghur Autonomous Region in China.</p>
Construction	<p>The construction industry carries heightened modern slavery risks due to the prevalence of systemic overtime, hazardous working conditions and explicit instances of modern slavery such as forced labour and child labour.</p>
Cleaning services	<p>The cleaning industry carries heightened modern slavery risks because of the prevalence of risk factors such as:</p> <ul style="list-style-type: none"> - large volumes of migrant workers in the industry; and - the prevalence of deceptive recruiting practices such as debt bondage.
Wood panel, timber, and decorative surface materials suppliers	<p>These timber sectors have an inherent risk of modern slavery due to their reliance on an unskilled labour, however the level of risk varies geographically depending on where the suppliers are based.</p> <p>For example, our European suppliers generally present a lower risk, largely due to the lower prevalence of modern slavery in these countries, strong government response to modern slavery risks, and a high number of our suppliers being FSC or PEFC-certified. These certifications demonstrate a commitment to responsible forestry practices and are often paired with higher social responsibility standards.</p> <p>In comparison, some our suppliers in South-East Asia and Turkey pose a heightened modern slavery risk because of the inherent modern slavery risks associated with these countries, in particular the risks of forced labour and the high prevalence rates in these countries. Some manufacturing industries within these regions have a higher reliance on a migrant workforce, increasing the risk of modern slavery.</p>
Brokers	<p>We rely on timber brokers to source additional timber products. Like the use of subcontractors, there are inherent risks with using brokers because of Forest One's lack of visibility and control over these supply chains who are engaged on Forest One's behalf.</p> <p>In response to this risk, we have started mapping their underlying supply chains to increase visibility within that category. This will allow us to assess more granular risks within brokers' supply chains and implement appropriate mitigation strategies where required.</p>

As outlined in Criteria 2, Forest One engages with sub-contractors who are engaged in our warehouse operations and transport. The use of sub-contractors carries a heightened modern slavery risks due to risk factors associated with the industry such as the:

- lack of visibility over the employment contracts with the workers;
- heightened vulnerabilities for those workers (particularly those who are in unskilled sectors); and
- short-term nature of these employment arrangement.

Forest One acknowledges that this is a prevalent operational risk factor and will continue to undertake actions to assess and address this risk.

Criteria 4 - Actions taken to assess and address modern slavery risks

To address modern slavery risks outlined in Criteria 3, we have undertaken the following action items during the reporting period.

Leadership and accountability

During the reporting period, we conducted a baseline assessment to assess who was suitable to drive our modern slavery compliance framework. Our broad leadership and accountability structure for our modern slavery compliance framework is as follows:

- **Senior leadership:** the Board holds the overall accountability for our modern slavery modern slavery compliance framework.
- **Delegated responsibilities:** to ensure effective implementation, the Board has delegated specific ownership of aspects of our modern slavery compliance framework:
 - The Group Procurement Manager oversees responsible sourcing across our core supply chains for the Forest One Group.
 - The HR Manager, with support from the ESG Specialist, oversees responsible recruitment across the Forest One Group.
 - The ESG Specialist is responsible for monitoring, risk assessment, risk escalation, and initiative development and implementation of our modern slavery compliance framework in partnership with target functions (including the roles outlined above).

Our Supplier Working Group, which is co-led by the Compliance Officer in our procurement team and the ESG Specialist, maintains broad oversight of the modern slavery compliance framework from a procurement and supplier perspective and convenes meetings where any concerns or issues are raised (for example, if a specific high-risk supplier is identified).

Supplier risk assessment method

In FY24, we initiated the development of a Modern Slavery Risk Management process which aims to consistently evaluate our suppliers for modern slavery risk.

We envisage this assessment process to improve over time as we reflect and revise the effectiveness of this risk management process as our modern slavery compliance framework matures. We have rolled out the supplier risk identification and risk assessment processes for our core timber suppliers during the reporting period.

Chain of Custody due diligence processes

Specifically for our core timber suppliers, Australia's *Illegal Logging Prohibition Act 2012* ("ILPA") was enacted to eliminate the import of illegal logging. In accordance with the requirements, Forest One maintains a comprehensive Chain of Custody Due Diligence System for all regulated wood panel, timber-related imports in line with Forest One's Responsible Sourcing Policy and the ILPA.

A third-party auditor reviews the Chain of Custody Due Diligence System on a yearly basis to ensure full compliance with the ILPA and any associated regulations. Recognising the link between deforestation and modern slavery practices, particularly forced labour, we have taken learnings from this due diligence system and incorporated into our modern slavery due diligence and evaluation process as part of our compliance requirements with the Act which is informed by international and national guidelines.² This modern slavery due diligence system was launched during the reporting period and specifically focuses on our key suppliers: wood panel, timber, and decorative surface product providers.

Embracing certification standards to decrease risk of modern slavery in our supply chains

The FSC® certification complies with comprehensive social, environmental and management standards, which are captured as part of our modern slavery due diligence systems and processes. This form of certification assists in mitigating modern slavery risk within Forest One's supply chains. The PEFC certification has safeguards and social sustainability requirements that cover labour and ethical issues.

Upholding international Forestry laws

² For example, the UN Guiding Principles on Business and Human Rights and the ETI Human Rights and Due Diligence Framework.

Additionally, many of Forest One's suppliers adhere to extensive standards under their respective countries of origin forestry laws, such as *European Union Timber Regulation* and *Timber Legality Assurance Scheme* in Indonesia. This legal framework attests to a stronger government response, contributing to reducing the inherent risks associated with the suppliers from these countries.

Our modern slavery due diligence system is guided by the UNGP's and the OECD Due Diligence Guidance for Responsible Business Conduct. Forest One is committed to considering the human rights implications of our decisions and has begun the establishment of our human rights due diligence process which is appropriate to our size and circumstances. This process will focus on identifying, preventing and mitigating modern slavery risks, and reasonably remedying any human rights impacts within our operations or supply chains. Currently, we have focused on assessing our core timber suppliers as part of our due diligence processes and will expand on this assessment in the next reporting period.

Currently, the steps in our modern slavery due diligence system are as follows:

Step 1: Inherent risk identification

The first step in our risk assessment process is to review the supplier's inherent risk profile based on factors such as sectoral risk, country risk, and workforce skill level. This inherent risk assessment uses resources such as the Walk Free Foundation's Global Slavery Index 2023 to assess the inherent risk associated with our suppliers.

Step 2: Supplier risk identification

- We use a Self-Assessment Questionnaire ("**SAQ**") to gain a deeper understanding of individual suppliers' modern slavery risk profile and any risk mitigation practices that the supplier has in place to address their modern slavery risks. This helps us assess the actual risk associated with the supplier as well as the effectiveness of the supplier's efforts in minimising risks within their operations and supply chains.
- This process, combined with the inherent risk identification in Step 1, ensures that Forest One has a more fulsome risk profile of our suppliers based on a variety of data inputs which then informs next steps.
- We identify and rank the most salient risks within our supply chains which we utilise to prioritise the issuing of the SAQ. We started flagging suppliers based on pertinent risks (for example, the identification of past adverse impacts through publicly available sources) or impartial information (for example, lack of response from the supplier in our correspondence, or responses that demonstrate a lack of understanding of their modern slavery risks). The combination of the inherent risk and the SAQ results enables us to assign a preliminary overall risk score to each supplier.

Forest One is planning to expand its Modern Slavery Due Diligence System in the next reporting period as outlined in Criteria 7.

Criteria 5 - Assessing the effectiveness of actions

The purpose of the actions undertaken during this reporting period was to review foundations implemented and focus on areas to expand our due diligence framework. This included reviewing our risk assessment framework, with a view to gaining a deeper understanding of modern slavery risks and risk areas for focus.

Furthermore, with a view to continuous improvement, we have reviewed the progress made during the reporting period and developed an Action Plan for the FY25 reporting period. A key theme throughout the Action Plan is strengthening our policies and due diligence system and making this due diligence system a part of our business-as-usual procedures going forward. This review process and the development of an Action Plan for each reporting period is a process that will be undertaken annually. Some examples of the action to be undertaken in the next reporting period are outlined in Criteria 7 below.

To assist in driving our modern slavery compliance framework going forward and ensuring that we are meeting the continuous improvement approach underlying the Act, Forest One will engage external consultants. This independent oversight with a legal lens will be critical to actioning the items outlined in Criteria 7 and continuing our compliance with the Act.

Criteria 6 - Consultation

This Modern Slavery Statement is issued by Forest One on behalf of the Forest One Group.

The Forest One Group has centralised governance practices to ensure that there are consistent practices throughout the Forest One Group. For example, the Board governs the entire Forest One Group. This has worked to streamline the consultation process for our broader governance mechanisms.

Our Group Procurement Manager, HR Manager and our ESG Specialist who are all delegated with specific responsibilities as part of our modern slavery compliance framework all have roles which extend across the entire Forest One Group. For example, the Group Procurement Manager manages the procurement function of all entities within the Forest One Group. This means that there is inherent consultation across all entities within the Forest One Group in the development and application of our modern slavery compliance framework.

Furthermore, our ESG Specialist regularly engages with the managers from Procurement, Operations, Human Resources and Finance to collaborate with a view to aligning on the approach to tackling modern slavery. All members of the Supplier Working Group have roles which apply across the Forest One Group, meaning that there is regular collaboration across the Forest One Group entities as specific modern slavery issues arise.

Furthermore, our policies and procedures, including our Responsible Sourcing Policy and the procedures behind our whistleblower reporting process, apply to the entire Forest One Group.

In FY25, we are committed to engaging more broadly with our stakeholders when rolling out further initiatives. This includes increased collaboration with warehouse and manufacturing site personnel through leadership training and capacity building, as outlined further in Criteria 7 below.

Criteria 7 - Other Relevant Information

Forest One is committed to assessing and addressing its modern slavery risks. However, we are committed to continuously improving our modern slavery compliance framework. As outlined in Criteria 5, we have developed an Action Plan to guide our modern slavery compliance framework in FY25.

Therefore, as outlined below, in the next reporting period, we will focus on strengthening our due diligence system, extending the supplier coverage within our due diligence system, and collaborating both internally from an operational risk perspective and externally with our supply chains. To drive this, Forest One will appoint external consultants to assist with ensuring ongoing compliance with the Act and to identify opportunities for improvement and strengthening of our response to modern slavery risks.

Committing

Initiative 1 – Ethical recruitment policy and procedures

Our teams will conduct a review of our existing hiring policies and procedures, which will conclude with the identification of opportunities and gaps. We will at minimum consolidate various policies into an ethical recruitment policy, applicable to our internal hiring practices and that of our recruitment partners. This policy will clearly outline the senior leadership’s expectations for responsible recruitment throughout the hiring process.

Initiative 2 – Responsible sourcing policy and related documents

Update our Responsible Sourcing Policy to accommodate human rights principles and formalise additional instruments to clarify our expectations with our suppliers, including a Supplier Code of Conduct.

Assessing modern slavery risks

Initiative 1 – Enhance supplier qualification

Develop a more balanced view of our supplier’s inherent risk, we will aim to use a worldwide legal database to identify suppliers with potential modern slavery risks. This will help us at-risk suppliers.

Initiative 2 – Supplier Lifecycle Management

Identify and implement controls in our supplier lifecycle. This will operationalise our commitment to ethical sourcing principles. This intended approach not only support stronger relationship but also helps minimises the risk for potential issues in the future.

Initiative 3 – Scope of the due diligence process

We will extend the scope of our modern slavery due diligence to include core non-timber suppliers by following the same risk management process as for core timber suppliers.

Addressing modern slavery risks

Initiative 1 - Capacity-building

Commence developing two new training packs prioritising our warehouse and manufacturing personnel, regardless of employment status:

- **Workforce awareness:** this initiative aims to equip our employees and contractors with the knowledge they need to identify and report on issues that could potentially negatively impact themselves or their colleagues. Newly hired staff will benefit from this training during the company-wide induction training while training will be rolled out to existing personnel in conjunction with the Health & Safety refresher training.
- **Leadership upskilling:** we believe strong leadership is essential for identifying and addressing practices that could have adverse human rights impacts. This initiative aims to equip leaders with the relevant knowledge to uphold ethical standards throughout our warehouse and manufacturing sites.

This statement is made pursuant to section 13 of the *Modern Slavery Act 2018* (Cth) and was approved by the Board of Forest One Group Pty Ltd on behalf of the Forest One Group. It forms our modern slavery statement for the year ended 30 June 2024.



Ian Fankhanel
Managing Director